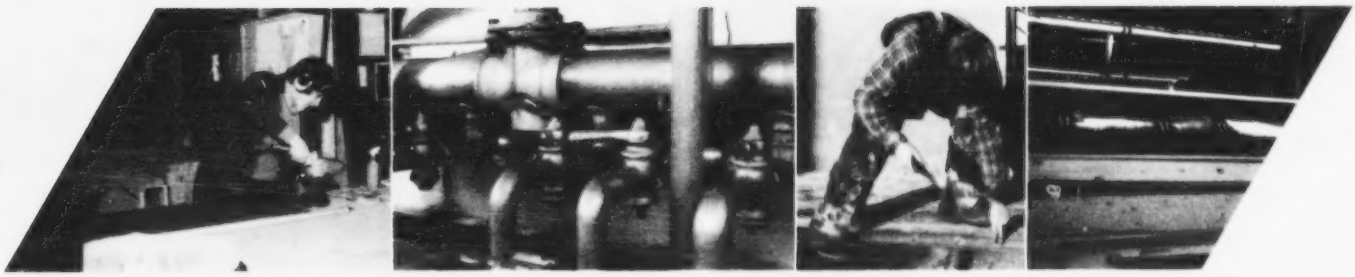


Action For Industry

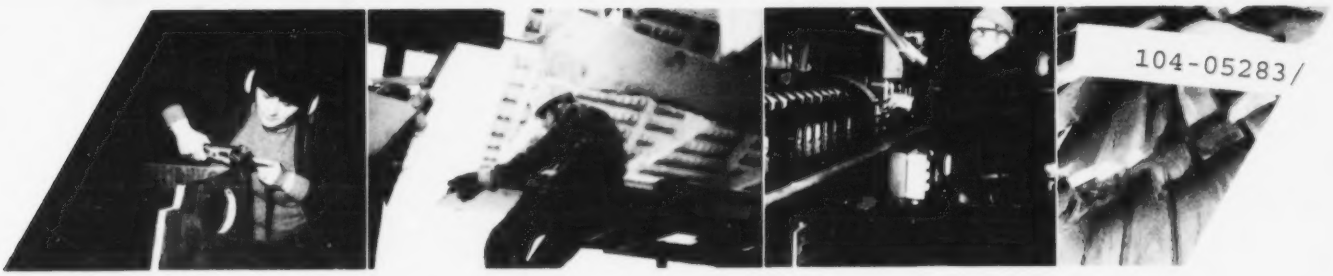
LEGISLATIVE LIBRARY
WITHDRAWN

Programs to encourage industrial development in British Columbia

Government of Canada
Gouvernement du Canada

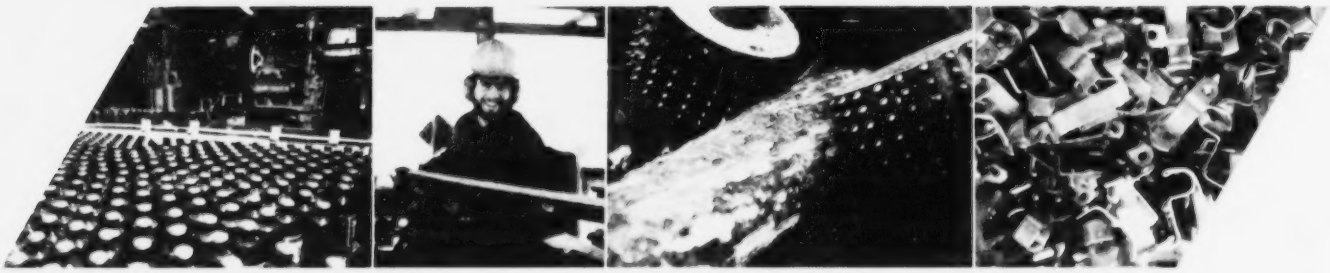
Regional Economic Expansion
Expansion Economique Régionale

Province of British Columbia
Ministry of Economic Development



Goals

- To improve employment opportunities in areas of the Province which require special measures in order to realize their full potential.
- To promote balanced development throughout the Province and to encourage equitable distribution of the benefits.



The Federal Government and the Provincial Government . . .

- In B.C. 54% of the manufacturing work force is employed in 4 industries: wood products, paper and allied products, mining and fossil fuels. The national average in those same areas is 21%.
- 60% of B.C. goods are exported. Dependence on export markets is high.
- 80% of B.C.'s manufacturing employment is concentrated in the Lower Mainland and Southern Vancouver Island. (Excluding forestry and mining.)

THE CANADA-BRITISH COLUMBIA INDUSTRIAL DEVELOPMENT SUBSIDIARY AGREEMENT

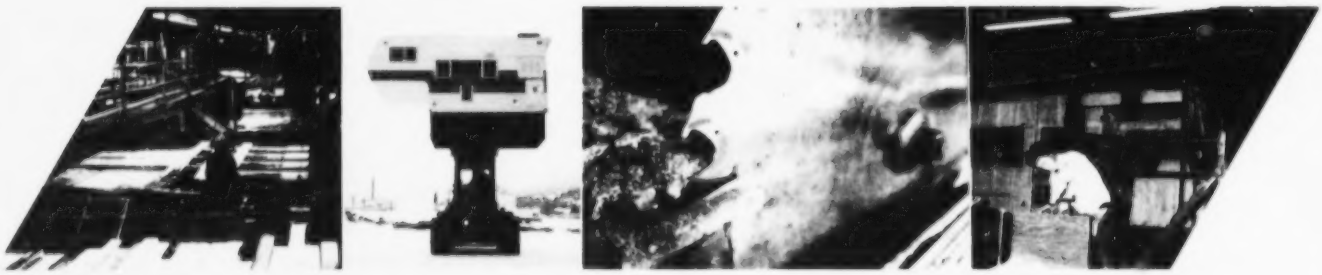
British Columbia's economy is characterized by lack of diversity. Recognition by both governments of the need for increased secondary manufacturing and support activities, especially in the less populated areas of the province, led to the establishment of the Industrial Development Subsidiary Agreement (IDSA). It is one of nine development agreements subsidiary to the 1974 General Development Agreement, (GDA) between the Department of Regional Economic Expansion and the Ministry of Economic Development. IDSA was designed to ensure a more equitable distribution of secondary industries and their benefits to all areas of British Columbia.

STRATEGY

- Natural resources are not unlimited. More emphasis must be placed on diversifying the economic base by encouraging secondary manufacturing in the province.
- A more equitable allocation of permanent employment and real income for the less developed areas of the province must be established.
- Assistance programs must be supported by a research effort in order to identify viable manufacturing opportunities and to assist regional economic development planning.
- Regional Economic Development Commissions can play an active role in helping less developed regions realize their potential.

$110 MILLION TO ENCOURAGE INDUSTRY

Over the five year period of the Agreement, a total of $110 million is available for industry in incentives, loan guarantees, interest-free loans, low-interest loans and special assistance.



a strong working partnership for industry.

Of this, $70 million will be distributed through joint programs under the coordination of an Industrial Development Committee. This committee is made up of representatives from the federal Department of Regional Economic Expansion (DREE), the federal Department of Industry, Trade and Commerce and the B.C. Ministry of Economic Development; with ex-officio members from the B.C. Development Corporation and the Federal Business Development Bank.

A further $20 million is available through the DREE Regional Development Incentives Program (RDIA) and the final $20 million through the B.C. Development Corporation's Low Interest Loan Assistance (LILA) program.

$2.85 MILLION FOR RESEARCH

In Canada's market economy, research is often necessary to identify and analyze industrial opportunities, and to assess the resources of regions and communities in order to support development. One of the joint programs is a $2.85 million program to help provide the research to ensure good planning towards the attainment of the province's potential.

FULL-TIME COMMISSIONERS WORK WITH THEIR AREA

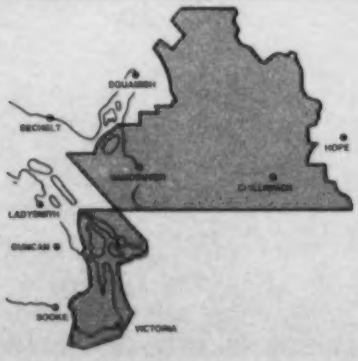
To promote coordinated development in the eligible areas, a Regional Economic Development Commission Program was set up. Each commission has a full-time commissioner who works to encourage the most suitable types of industry for the area.

Commissioners also help governments and business to get together by making assistance available. They listen to community concerns and take note of regional development information. And, they have national and international contacts for attracting new business and industry to their regions. Already Commissioners have been able to attract and assist significant new developments.

TORONTO
MAY 25 1981
RECEIVED

Eligible Areas for Assistance

DETAIL OF INELIGIBLE AREA



BILL ANDERSON
PEACE RIVER-LIARD

DAWSON CREEK

PRINCE RUPERT

BURNS LAKE

LEW ROSSNER
NORTH OKANAGAN

KAMLOOPS

VERNON

COURTENAY

KELOWNA

PORT ALBERNI

PENTICTON

TRAIL

DUNCAN

Eligible Area for ASEP, LILA, Industrial Land Development and Research programs.

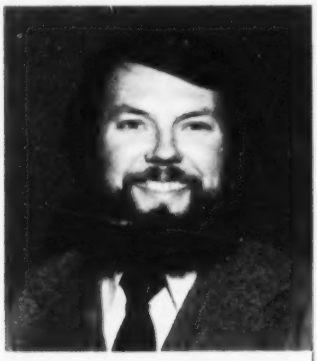
RDIA Designated Region, also eligible for all other programs.

Ineligible Area

Regional Economic Development Commissions are planned for most other Regional Districts. Please contact your Regional District office for information about your area.

Regional Economic Development Commissioners *as of June, 1979*

REED CLARKE
SKEENA-QUEEN CHARLOTTES



ODDVIN VEDO
BULKLEY-NECHAKO

RINO ELVERHOY
THOMPSON-NICOLA

ARTHUR BURGESS
COMOX-STRATHCONA-MT. WADDINGTON

DWIGHT BROWNS
CENTRAL OKANAGAN

KEN HUTCHESON
ALBERNI

STEPHEN LAUER
KOOTENAY-BOUNDARY

PETER McCAFFREY
OKANAGAN-SIMILKAMEEN

AUSTIN FRASER
COWICHAN VALLEY

PROGRAMS FOR COMPANIES

Assistance to Small Enterprise Program (ASEP)

"Interest-free, forgivable loans to encourage small industries."

ELIGIBILITY

To be considered, "small enterprises" must be located within the IDSA target area and must meet the following qualifications:

1. They must involve manufacturing or processing, or a maintenance or repair facility directly relating to the manufacturing/processing sector.
2. They must be commercially viable.
3. They must provide socio-economic benefits to the Province.
4. In the case of an existing business, average sales for the two most recent years of operation should not exceed $500,000 per year.
5. Eligible capital cost may not exceed $100,000.

Detailed requirements are spelled out in the program guidelines. If eligible, applicants can receive 50% of eligible costs up to a maximum of $30,000 for new facilities, and 30% of eligible costs up to a maximum of $18,000 for expansion or modernization.

PROGRAM RECORD:

258 loans, nearly $4.7 million committed, over 1,100 new jobs in the first 22 months of operation. A program that surpasses all others in total number of recipients.

Bigfoot Industries

"ASEP put Bigfoot on the road to success."

VERNON

PRODUCT: Fibreglass trailers

PROGRAM: Assistance to Small Enterprise

SUCCESS: 150-200 trailers a year, 12 new jobs.

ASEP helped Erwin Kreig, Terry Mayall and Clyde Burgess to put their unique B.C.-built trailers on the road.
ASEP helped them get rolling with a competitively-priced product that sleeps six and comes complete with toilet, stove, furnace, hot and cold water system, shower, oven etc. Unique selling features of the Bigfoot trailers are foamcore construction, streamlined form and light weight which makes for economical road handling. Bigfoot trailers are built almost completely with materials produced in B.C.

"A success story in steel."

Inland Steel

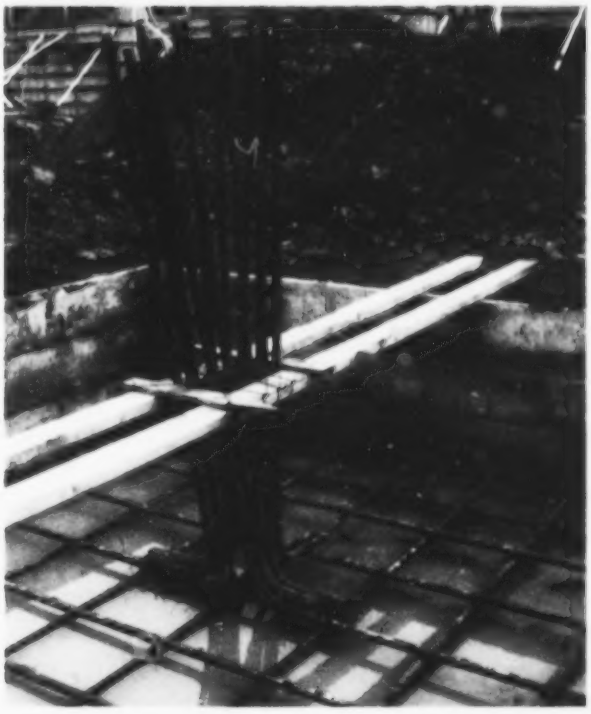
KAMLOOPS

PRODUCT: Reinforcing steel fabrication

PROGRAM: Assistance to Small Enterprise

SUCCESS: Booming business, 8 new jobs

Wilhelm and Herman Sellin and David Heaven heard about the ASEP program at a seminar in Kamloops and realized that it could help them take advantage of the market for steel in the south central interior.
They needed money to buy equipment, and with $12,500 from ASEP to cover 50% of the eligible costs, they were in operation. In 1978 business boomed. Additional employees had to be hired, extra phone lines installed. Their market now reaches south to Vernon, east to Revelstoke, north to Clearwater, and west to Cache Creek. The new year promises to be even better.



Heather Jean Properties

LILLOOET LAKE

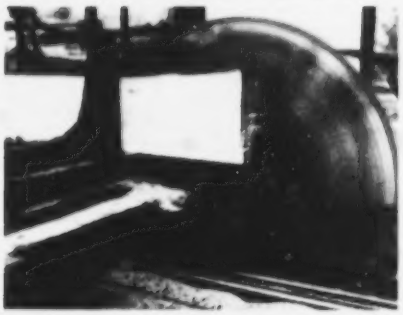
PRODUCT: Pre-fabricated homes

PROGRAM: Assistance to Small Enterprise

SUCCESS: Good growth, 6 new jobs

Heather Jean Properties has owned land at Lillooet Lake since 1958, but development didn't begin until the early 1970's. Then, in 1978, they received 50% financing amounting to $30,000 for the purchase of new machinery to produce wood for pre-fabricated homes. Today, there is a ready market for all the pre-fabricated home kits owners Bruce and Louis Potvin can produce, some going to owners of local lakeside properties and the rest being shipped out by truck to waiting dealers. In the first year of mill operation, Heather Jean was able to hire a mill staff of six, and further growth is expected.

"The little sawmill that's getting into pre-fab homes in a big way."



"Precision Parts with ASEP help."

Morfee Industries

PRINCE GEORGE

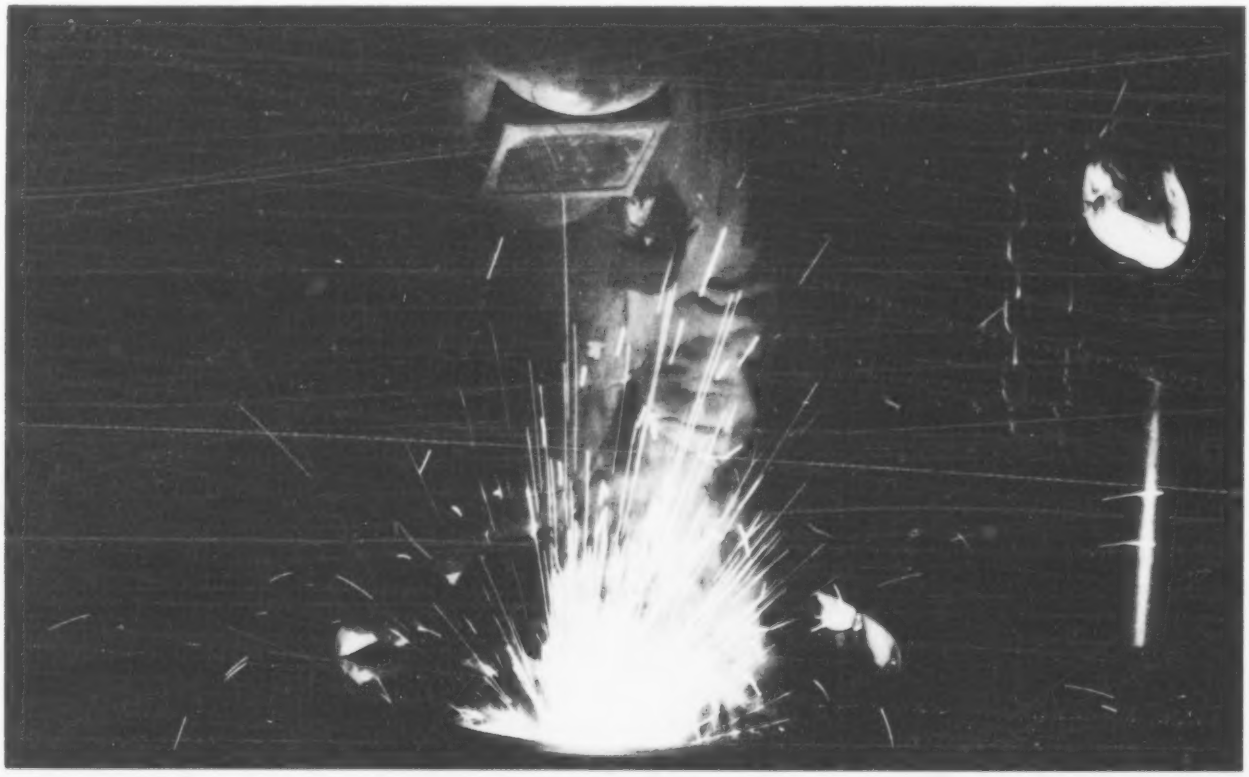
PRODUCT: Precision machine parts

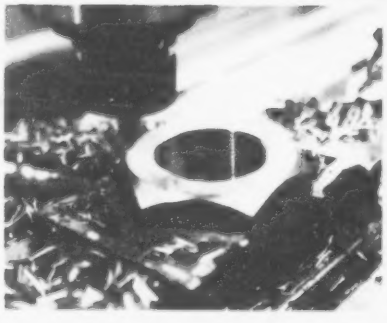
PROGRAM: Assistance to Small Enterprise

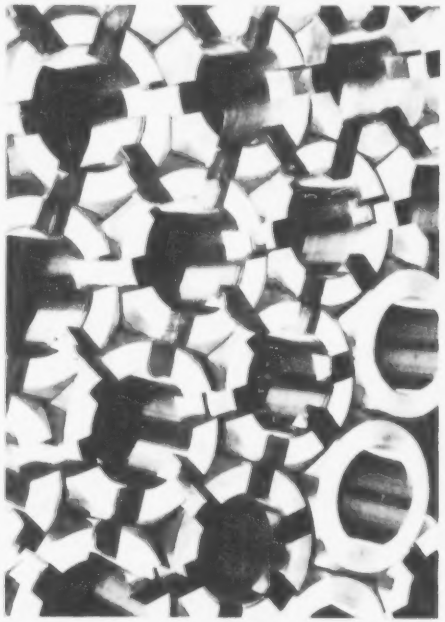
SUCCESS: Increased output, 8 new jobs

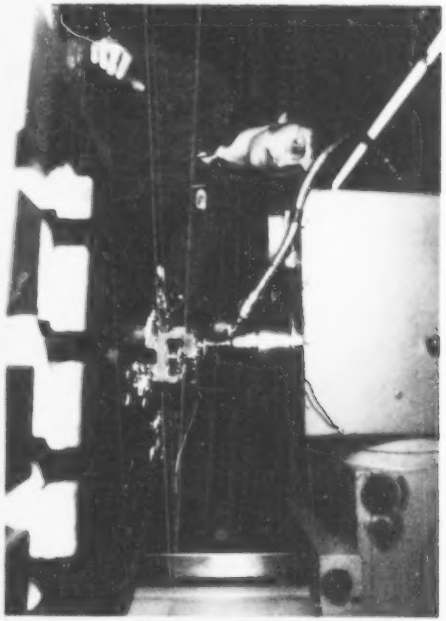
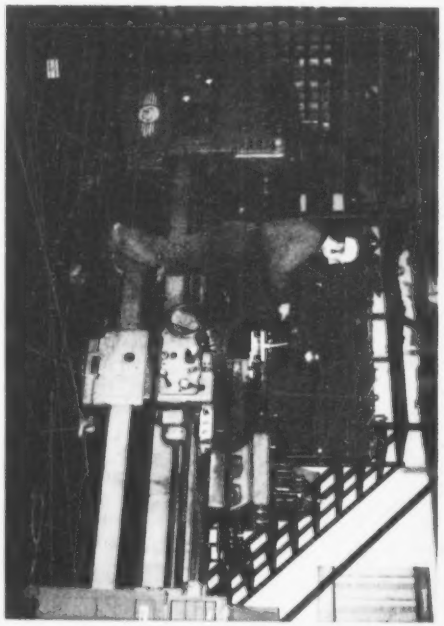
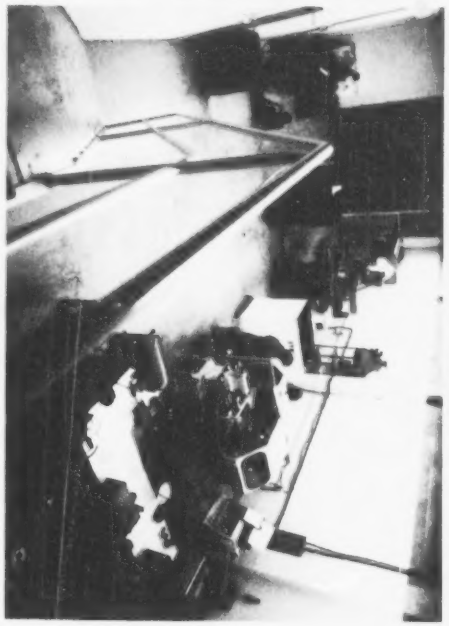
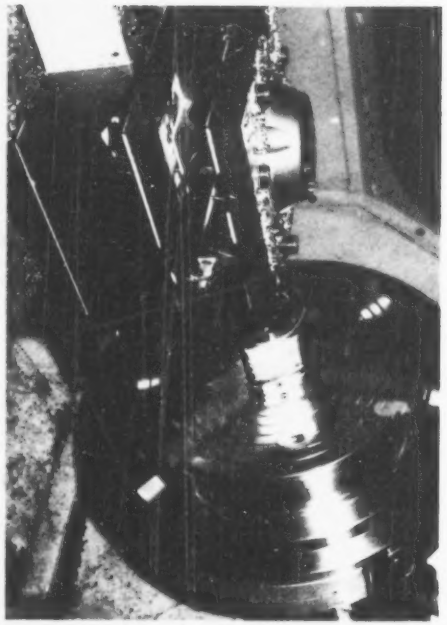
A computerized milling machine bought with the help of $28,268 worth of ASEP funding now allows Morfee Industries to turn out four times the production of a hand controlled machine.
Owner William Carmichael said that neighbouring businessmen doubted government assistance programs; since he got his funding, local opinions have changed.

The new machine can be programmed to turn out any number of products with speed and efficiency. One of its jobs is to produce logging equipment parts. Morfee is well-known in the area as an innovator in the area of tree-shears, which cut trees like giant scissors. Recently, they spent $200,000 (of which $60,000 was a grant from the Federal Enterprises Development Program) to research and develop new "chain head" models which incorporate a chainsaw to do the cutting.







Low Interest Loan Assistance (LILA)

"Low interest loans to businesses that want to modernize, expand, or establish new manufacturing and processing facilities; provided through the B.C. Development Corporation."

ELIGIBILITY

To be considered, applicant businesses must be located within the IDSA target area and meet the following qualifications:

1. They must involve manufacturing or processing or provision of services to manufacturing or processing industries.
2. The proceeds of the LILA loan must be used for plant modernization, expansion, or the establishment of a new production facility which will create new economic activity and benefits for the province of British Columbia.
3. Businesses receiving assistance under this program must be economically viable in the opinion of BCDC.
4. The applicant applying for the loan must have at a minimum a total tangible equity to tangible asset ratio of not less than 15% on a pro forma balance sheet basis.

Details are spelled out in the program guidelines. If eligible, applicants can receive loans for 1/3 of the capital cost of the project, from a minimum of $18,000, to a maximum of $250,000. Interest rates are 1/2 of the B.C. Development Corporation's prime rate for industrial lending.

PROGRAM RECORD:

62 loans, almost $7 million authorized in the first 22 months of operation.

Frontier Manufacturing

KELOWNA

PRODUCT: Recreational Vehicles

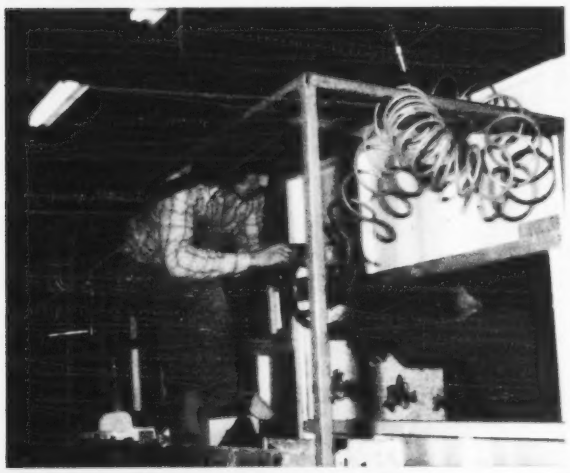
PROGRAM: Low Interest Loan Assistance, provincially funded through the B.C. Development Corporation

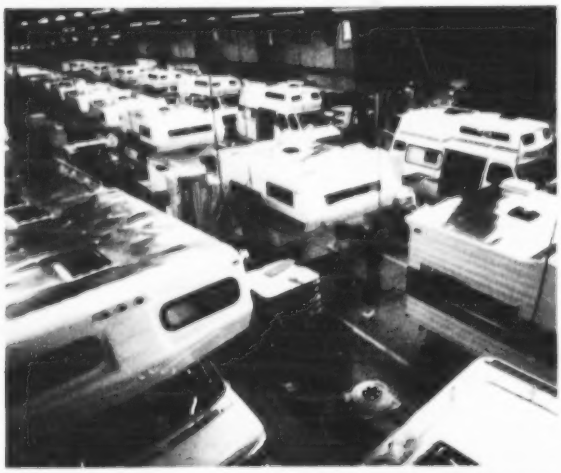
SUCCESS: Doubled production, 118 new jobs

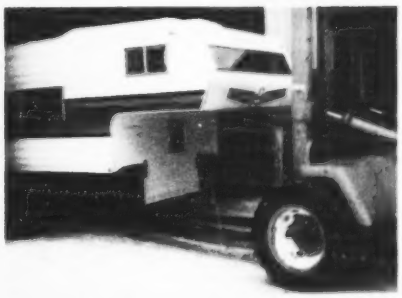
Gunter Gahrns and Dieter Topf set up Frontier Industries three years ago to produce recreational vehicles. In 1978, a LILA loan of $250,000 supplemented by regular loan funding of $950,000 made possible a move to a new 100,000 square foot plant. The funding, when combined with additional BCDC and Chartered Bank Funding, allowed them to triple their plant area and double their employment and output.

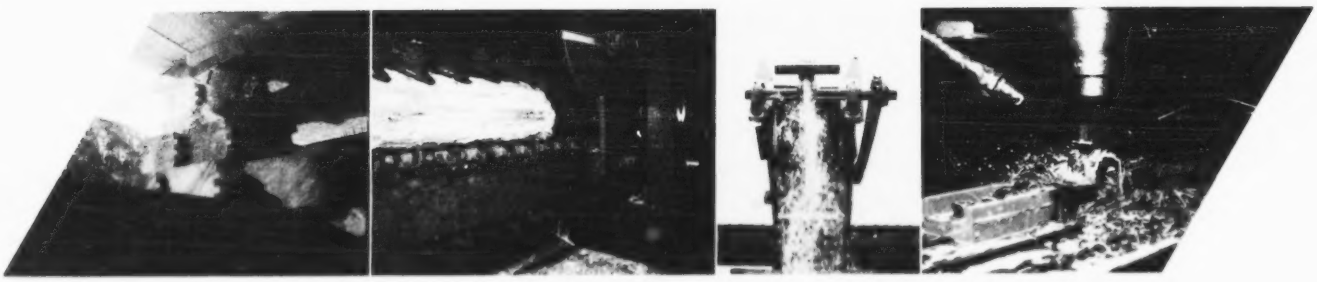
Today the Frontier catalogue lists over 20 variations in size and layout of recreation vehicles, and the snappy company colours of orange, brown and black are a familiar sight on Western Canadian highways.

"New plant opens up a new Frontier for Kelowna businessmen."









Regional Development Incentives Program (RDIA)

"Development incentives and loan guarantees to encourage industry to modernize, expand, or establish new plants, provided by the Department of Regional Economic Expansion."

ELIGIBILITY

To be considered, industries must be located within the RDIA designated region and meet the following qualifications:

1. Most manufacturing and processing industries are eligible, with the exception of certain initial processing industries such as petroleum refining, and certain segments of the pulp and paper industry. Such operations as the processing of natural products in sawmills and fish plants, and food processing are eligible. Commercial establishments that will make a major impact on the economy of the region such as business offices, shopping centres, hotels, motels, convention or recreation centres, and research facilities are also eligible for loan guarantees only.

2. To gain approval, capital costs must exceed $25,000. (Unless the new facility creates five or more direct new jobs, then capital costs can be as little as $5,000.) In the case of a loan guarantee, a project must have total capital costs of more than $100,000. There is no limit on the size of projects that can be assisted.

3. The RDIA program does not apply to projects that are already committed or underway.

4. Up to 25% of the approved capital costs plus $5000 per job can be made available to eligible projects. For smaller projects, with approved capital costs under $2 million and fewer than 100 direct jobs, incentives are determined according to a standard formula. For further information contact the DREE office in Victoria or Prince George.

PROGRAM RECORD:

25 projects, over $5 million committed in 22 months, an expected 463 additional new jobs.

Rim Forest Products

HAZELTON

PRODUCT: Finished lumber

PROGRAM: Regional Development Incentives Program administered and funded by the federal Department of Regional Economic Expansion (DREE)

SUCCESS: Doubled capacity, 100 new jobs

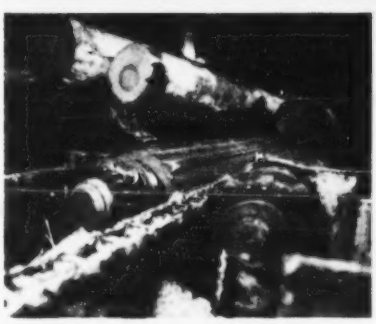
"Forest Production for the Pacific Rim."

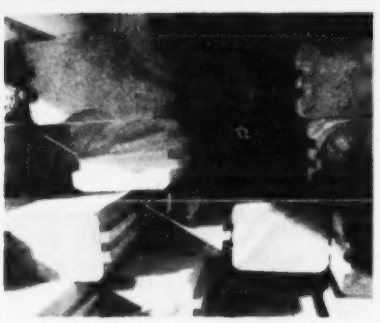
Rim Forest Products, got started in Hazelton in 1972 with a federal/provincial Agricultural and Rural Development Agreement grant, aimed at creating jobs for the rural people of the area. Today it is one of the more successful projects of its kind in Canada and the largest employer in its area.

During the winter of 1978-79, a $1.27 million incentive grant under the RDIA program enabled the mill to undergo a $5 million expansion which doubled capacity and created 100 new jobs.

Rim Manager Al Kerbes says the DREE staff "assisted all the way". This led to an expansion that was "well worth it".

Eighty percent of the finished lumber is exported to the United States and the remainder goes to Canadian buyers.





"Brewery turns to Gold."

Prince George Breweries

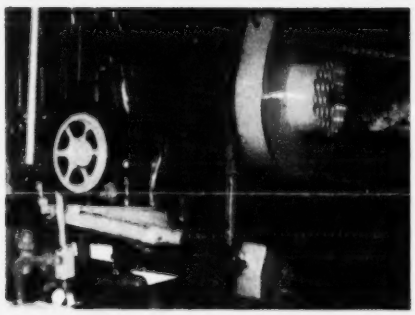
PRINCE GEORGE

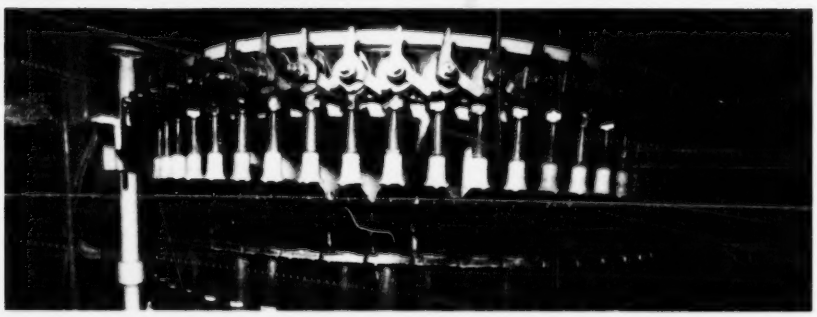
PRODUCT: Pacific Gold beer

PROGRAM: Regional Development Incentives Program administered and funded by the Federal Department of Regional Economic Expansion (DREE)

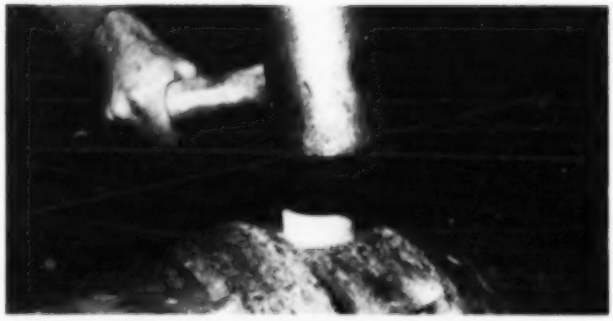
SUCCESS: 100,000 bottles daily, 51 new jobs (at peak production)

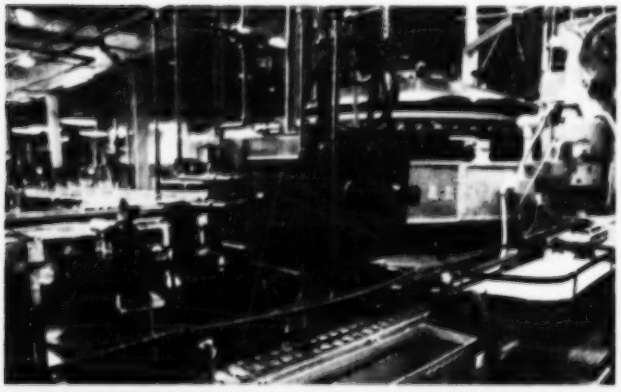
When the new DREE office opened in Prince George in 1978, Bob Naismith and some business associates wondered whether the then-dormant local brewery could be reopened if DREE helped. Careful market and cost studies showed the project was viable and that DREE could help. And it did! DREE provided an incentive grant of $494,967 to help make the idea a reality. The B.C. Development Corporation helped too, with both conventional and LILA loans.

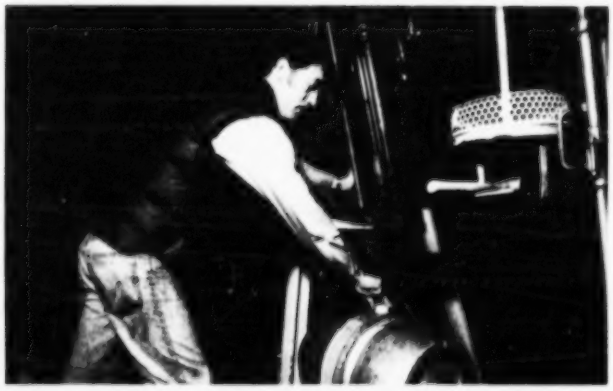


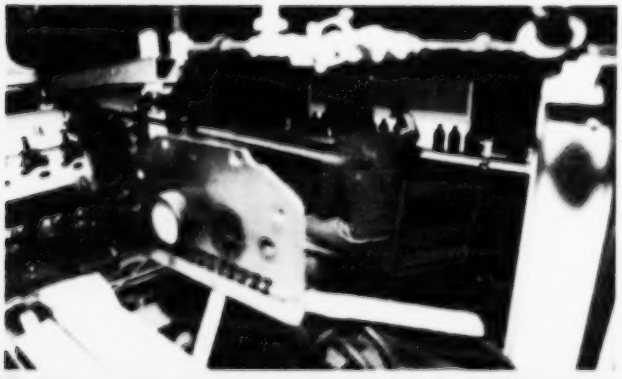


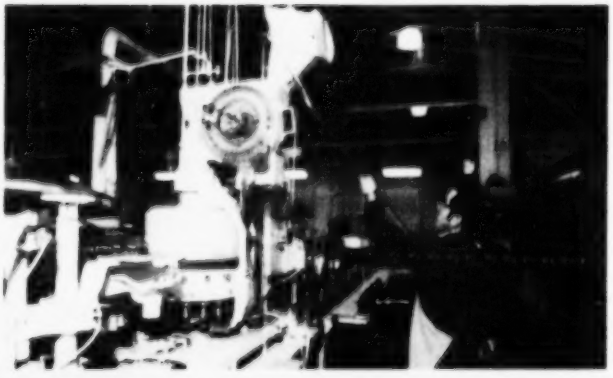
Naismith, now General Manager, says that the DREE personnel he worked with were "as cooperative as they could possibly have been". The staff pitched in with a 3 year no-strike contract.
Today, brewmaster Nick Bennett produces a light flavoured American-style beer that sells very well in the interior of the Province, and is gaining in popularity in the lower mainland and the Yukon.

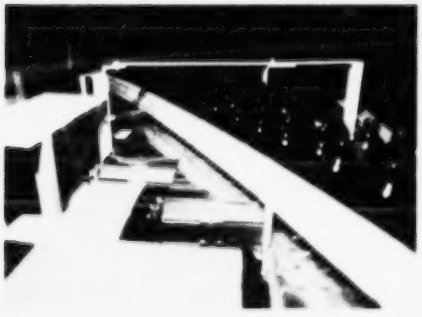


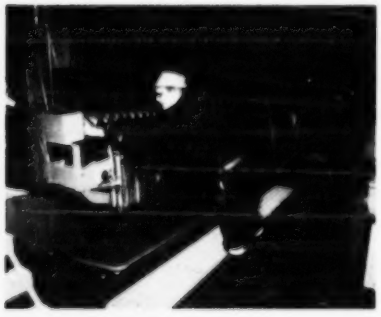


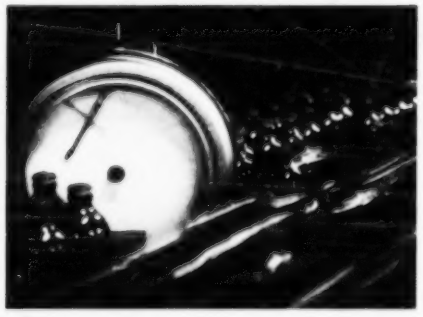












PROGRAMS FOR COMMUNITIES

Industrial Land Development

Developing industrial land is the largest program under the Industrial Development Subsidiary Agreement. By their very nature, industrial parks require extensive advance planning in order to meet current and future needs. This is, therefore, a program whose full fruits will not be completely evident for several years — when the parks, sites, mills and buildings are erected and fully occupied.

In the first 18 months after the Industrial Development Agreement was signed, five community industrial development projects were approved, amounting to $16.4 million in assistance for the provision of 376 acres of industrial land, at an estimated average saving to the tenants of $9,000 per acre.

The components of the low-cost loan program are as follows:

- $28 million for Industrial Parks in key communities serving a regional economic function and showing a demonstrated growth potential. These communities must have a stable population base and be located close to principal transportation and communication systems.
- $15 million for servicing specific Industrial Sites, the availability of which may be decisive in securing a beneficial development within a community.
- $9 million for planning and development of Industrial Malls. These provide space for the interlocking facilities and services of several small businesses.
- $4 million is available to finance the development of advance factory space which will attract a beneficial activity to an area.

Further information and guideline details can be obtained from the Ministry of Economic Development or the Department of Regional Economic Expansion.

Chetwynd and Port Hardy are both developing ISDA-assisted industrial parks. The size of their parks is typical of many that the program will help to fund during its five year term.

"Tale of two cities"

Tacan Industrial Park

PORT HARDY

FUNDING: $912,000 from IDSA

SIZE: 29.5 acres (Phase I)

TENANTS: Warehouses, machine shops and other small industries.

SITE: An ideal location at the hub of roads to the Port Hardy townsite, the airport, Port Alice, Port McNeill, Bear Cove and the southern island.

SUCCESS: Port Hardy is the site of one of the most rapid population and development booms in British Columbia. The new park will contribute to the community's success.

G.G. Moore Industrial Park

CHETWYND

FUNDING: $838,000 from IDSA

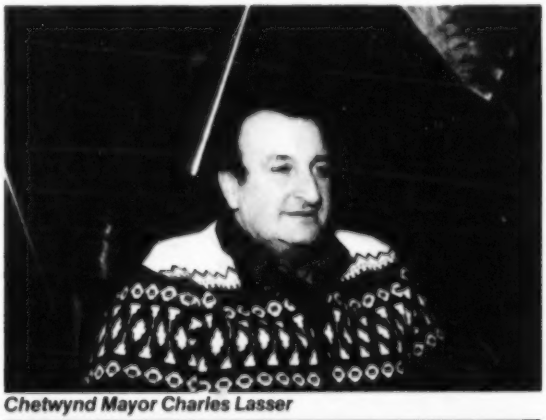
SIZE: 28 acres (Phase I)

TENANTS: Warehousing, a bus company, ready-mix company, a propane vendor, machine shops and small industries.

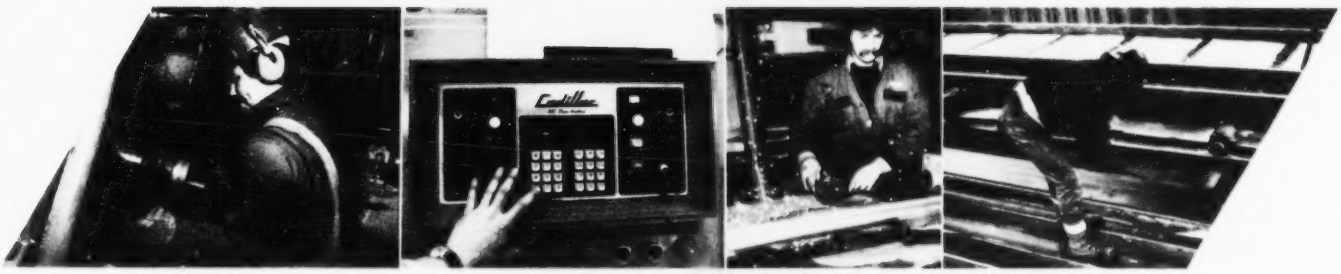
SITE: An excellent location adjacent to the British Columbia Railway and the highway.

SUCCESS: 50% sold in the first three weeks.

Port Hardy Mayor Brian Welchman



Chetwynd Mayor Charles Lasser



A PROGRAM FOR COMPANIES AND COMMUNITIES

Research

Three broad classes of research are available through ISDA to aid industry:

- Opportunity identification, which involves examination of emerging opportunities in terms of their impact on the provincial economy; examination of service industry opportunities that may result from expanding economic opportunities; and in-depth study of opportunities identified in the regional studies undertaken under the Interim Planning Agreement.
- Opportunity analysis, which includes specific studies in marketing, technology and pre-feasibility to determine whether opportunities are viable within the target area.
- Special reports and analyses, which may be prepared for communities and regions to determine whether the capacity exists in their areas for the absorption of specific industrial opportunities.

All studies are done by private consultants and are made available to the public when completed.

Funding and application details are spelled out in the program guidelines.

Pacific Enercon Ltd.

GRAND FORKS

PRODUCT: "Energlas" insulation

PROGRAM: Industrial Development Subsidiary Agreement funded market research

SUCCESS: $5 million plant, 56 new jobs with future expansion to 150.

Enercon made the astonishing discovery that hot granulated slag which left the Grand Forks plant of Pacific Abrasives was arriving in Portland several days later at a temperature of nearly 100° C. Rock-wool insulation was the obvious potential and a $30,000 market study funded by IDSA helped prove the product's viability.

"Enercon turns slag into sales."

Today, completely fireproof insulation called "Energlas" will be produced in a $5 million Grand Forks plant which was built with LILA assistance. Initial employment will be 56.

There has been a major impact on Grand Forks, and when the new product reaches the market it is expected to offer, by volume, greater insulation value and sound deadening properties than fiberglass. The modern landscaped factory site, will feature super-clean furnaces and up-to-date safety and pollution control equipment.

The insulating properties of "Energlas" are astounding!

Further Information

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Regional Economic Development Commissions are planned for most other Regional Districts. Please contact your Regional District office for information about your area.

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